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THE IRAN HOSTAGE CRISIS

A Chronology of Daily Developments

January 1-25, 1981

REPORT

PREPARED FOR THE

COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

BY THE

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(II)

FOREWORD

**HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., May 11, 1981.**

This chronology of events in Iran, from January 1-25, 1981—the day the 52 U.S. personnel held hostage in Iran returned to the United States—is being issued in order to complete the compilation which was issued in March 1981. It was requested from the Congressional Research Service of the Library of Congress by the Honorable Lee H. Hamilton, chairman of the Subcommittee on Europe and the Middle East. The compilation was directed by Clyde R. Mark, Specialist in Middle Eastern Affairs in the Foreign Affairs and National Defense Division.

As noted in the preface to the compilation issued in March 1981, the information in the chronology is drawn from unclassified public sources and has not been verified. It is published by the committee for use by the Congress and the public for review and analysis of this 14-month ordeal that was endured by the hostages, by the U.S. Government, and by the American people.

CLEMENT J. ZABLOCKI, Chairman.

(iii)

THE IRAN HOSTAGE CRISIS: A CHRONOLOGY OF DAILY DEVELOPMENTS

JANUARY 1, 1981 -- THURSDAY

A Tehran radio commentator said the hostage issue was "almost at an end" because of the negotiations over the Iranian conditions and the U.S. "guarantees." The commentator said Reagan's remarks about Iranian "barbarians" was part of a propaganda campaign to portray Reagan as "ready to shoot" and the United States as ready to launch a "massive offensive" against Iran. The Tehran radio commentary said that Reagan as President would not be able to launch a military attack on Iran because he was no more "stable" than Carter was, and Carter could not launch an attack. The commentator said Reagan changed his political stance often, as evidenced by his switch from the Democratic to Republican parties.

Ayatollah Allaneh Yahya Nuri called for the Iranian government to begin a trial of the hostages and stop the bargaining with the United States. Ayatollah Beheshti said that in the event the United States did not meet Iran's conditions, the hostages would be tried.

A clandestine broadcast in Kurdish said the United States was not frightened by the threat issued yesterday by Tehran radio that the hostages might be executed.

Prime Minister Rajai told an audience in Bushehr that Iran was producing enough fuel for its military and spare parts for its planes and tanks to support the war effort without outside assistance.

Iran claimed Iraq fired ground-to-ground missiles at Ahwaz, Dezful, Susangerd and Abadan. Iran said its forces shelled the Iraqi port of al-Faw. Iranian helicopters reportedly hit Iraqi targets along the southern front, and both sides said they shelled the other's positions along the northern front.

JANUARY 2, 1981 -- FRIDAY

The Algerian delegation arrived in Tehran carrying the American response to the Iranian conditions for the release of the hostages.

Tehran radio broadcast a commentary that said the United States distorted Iran's "legitimate demands" for the return of Iran's assets by calling the money "ransom." The commentator said that President-elect Reagan stated that he would give Iran 72 hours after his inauguration to free the hostages or Reagan would launch a military attack against Iran. Tehran radio said Reagan later retracted the remark and said it was not his policy but just a personal opinion.

In another radio commentary, broadcast at 9 p.m. Tehran time, a commentator said that by making public the U.S. replies to Iran, the Iranian government had demonstrated that the ruling element in the United States was based on "lies, corruption, and futility." (The U.S. proposals appeared in Iranian newspapers on Dec. 28. It was not clear at the time why the Iranian authorities decided to release the until then secret communications.) The Tehran radio commentator said that the United States "implicitly accepted the terms" of the Iranian Majlis. The commentator added that the Iranian reply sent to the United States (apparently meaning the reply of Dec. 19, made public in Iran on Dec. 21) contained only two points in disagreement with the United States, neither one of which appeared to raise serious problems. At that point in the commentary, the announcer was interrupted, and music, interspersed with readings from the Quran, was broadcast over the radio for the next hour. At first, the interruption appeared to be intentional. The announcer, perhaps, was saying something he was not supposed to say and had been cut off by the station management, but the same broadcast with the same interruption was repeated in the early morning hours of Jan. 3. In the meantime, another commentator, who broadcast at 10 p.m. Tehran time, accused the United States of spreading "false rumors and lies," citing as examples that Iran had accepted a spare parts-for-hostages exchange, that Iran's assets were "ransom," that Iran changed the conditions for the release of the hostages, and that the hostages were being mistreated. Tehran radio said

that the United States owed Iran \$9 billion plus 20% interest, or a total of \$12 billion, and that the \$10 billion demanded for the Shah's wealth was less than the amount paid in bribes to the Shah by American companies. On the hostages' mistreatment, the radio commentator said that they were "fatter, bigger, and more jovial" than before the embassy seizure. He continued that it was clear that the United States did not want to take the steps that would free them.

Ayatollah Beheshti defended the Rajai government by saying that Iran's economic problems could not be solved in three-and-one-half months (Rajai took office in August 1980) and chastized the Bazaar merchants for complaining about the stagnant economy. Beheshti himself complained that the Iranian army leaders were avoiding launching a counter offensive against the Iraqis and supported the complaint made by Ayatollah Montazari that the officers "refused" to fight. Ayatollah Ali Khamenei, the prayer leader of Tehran, criticized the workers staging strikes and sit-ins, calling them traitors to the Islamic revolution. (The attacks by the two Ayatollahs, leaders of the Islamic Republic Party and supporters of the religious government, were aimed at the secular leaders and Bani Sadr, who have been complaining that the religious leaders do not know how to manage the economy.) Bani Sadr invited another critic of the secular forces, Ayatollah Montazari, to visit Khuzistan province and hear the complaints of the people most affected by the war. Montazari is often cited as the most probable successor to Ayatollah Khomeini.

Iraq announced that the Baghdad airport, closed since the beginning of the war except for military traffic, would reopen to some commercial flights. Iraqi President Saddam Husayn said that Khoemini's "dream" of conquering parts of Iraq and adding the territory to Iran had been lost because the Iraqi army was defeating the Iranians. The two armies traded artillery fire at Ahwaz, Dezful, Susangerd, Shush, and Umm al-Rasas. Iranian planes hit Iraqi targets along the Abadan-Bandar Mah Shah road and the Abadan-Ahwaz road.

JANUARY 3, 1981 -- SATURDAY

A Tehran radio commentary said the hostage issue will remain at an impasse unless the United States agrees to Iran's conditions. The radio said that President-elect Reagan will have to find his own solution to the problem because Iran would not accept the Carter solutions. Iran will show no leniency, said the commentator, and if the United States "embarks on a dangerous test" of Iran, the hostages will be placed on trial.

The National Voice of Iran (clandestine, Soviet) repeated its earlier statements that the United States had given Iran an ultimatum to release the hostages within two weeks. A story released by the Soviet news agency Tass said that President Carter "demanded" that Iran comply with the President's "blackmail" demands for the release of the hostages within two weeks. Tass said that President-elect Reagan approved the Carter ultimatum. (Both the Iranian and Soviet press are calling the White House statement of yesterday an "ultimatum." The White House said that Iran would have to complete the current negotiations for the release of the hostages and the Algerian "guarantees" by Jan. 16 in order to make the exchange before Carter left office on Jan. 20. The White House said that after Reagan's inauguration, Reagan would be in charge of the hostage problem, and the White House did not know what course Reagan would follow.

Terence Waite, an envoy of the Archbishop of Canterbury, returned to London after visiting the four British subjects being held in Iran on "spy" charges. Waite said the four Britons were in good health. The Iranians announced that the four may be released soon. The four have been held since last summer but not formally charged or brought to trial. Tehran radio said Waite's report on the four Anglicans condition refuted charges that Iran tortured its prisoners.

Another Tehran radio commentary said that the American AWACS planes would be stationed in Saudi Arabia permanently as part of a Reagan strategy to make Iran the "pivot" of American policy in the Middle East, as it was under Nixon

and the Shah. Tehran radio said it was likely that Reagan would use "force and violence" to overthrow the Islamic regime in Iran to re-establish the American presence, but that the use of "force and violence" could "cripple" the West's economy and "destroy the oil wells" of the Middle East. The commentary ended by saying "Reagan had better act with restraint."

Iranian news sources said the Soviet Union had delivered 150 T-72 tanks to Iraq. Iran and Iraq exchanged artillery fire at Ahwaz, Gilan-e Gharb, and Sumar, and battles took place at Dehloran and Sar-e Pol-e Zahab.

Kurds ambushed a Revolutionary Guard detachment near Urumiyah.

A letter from Bazaar merchants to Prime Minister Rajai asking for his resignation was published in the National Front Party newspaper. The "Bazaaris" claimed that Rajai and his Government had not solved any of Iran's economic problems and was "incompetent." This is the letter referred to yesterday by Ayatollahs Beheshti and Khamenei when they said the Bazaaris and the striking workers were traitors.

Justice Minister Ibrahim Ahadi, who resigned on Dec. 31, said he quit because the Council of Guardians would not grant him the authority to run the Justice Ministry.

JANUARY 4, 1981 -- SUNDAY

Ahmad Azizi, an aide to Prime Minister Rajai, announced that the three Americans held at the Iranian Foreign Ministry had been moved to a more "appropriate" location, but did not say where. The Swiss envoy called at the Foreign Ministry to see Laingen, Thomseth, and Holland, but was not told where the three had been sent. The Iranians told the Swiss envoy that all 52 hostages were in government hands and were no longer being held by the "students." Prime Minister Rajai told Die Welt of Germany that the "students" and the government were one and the same but would not confirm that the hostages were being guarded by the Government. Rajai also said that the United States was "procrastinating" on the hostage negotiations.

The Islamic Revolution newspaper, which supports President Bani Sadr in his confrontation with the religious leaders, said in an editorial that the United States, which "let so many die" in Vietnam, would allow the 52 hostages to die. The editorial said that Iran's executing the hostages may serve the interests of the United States, but did not explain how. The Islamic Revolution then repeated its earlier criticism of the embassy seizure and said that Iran's continued holding of the hostages sapped the "strength" of the "struggle of the disinherited" against imperialism, led to the return of Richard Nixon, Alexander Haig, and "America's toughest political clan" to power in the United States, caused the increase in U.S. defense spending, and resulted in the United States sending its fleet to the Persian Gulf area. The newspaper said Iran's other problems, such as the economy, were submerged by the hostage issue. The newspaper said that the Majlis demand for the return of the Shah's wealth was unrealistic because most of the money had been transferred out of the United States.

A Tehran radio commentary said one of Reagan's policies would be to stop the Islamic revolution from spreading to other nations. To ensure that Islam did not spread, Reagan as President would have Egypt's al-SDAT, Jordan's King

Husayn, and Iraq's Saddam Husayn, and and "other hirelings" join NATO to complete "American hegemony over the Persian Gulf."

Bamberg radio quoted a story that is to appear in Die Welt on Jan. 5 in which Prime Minister Rajai said that a "small segment of the (Iranian) military" and a group of Iranian "Western oriented intellectuals" led by Bani Sadr were challenging the religious leaders of Iran. The Prime Minister's office denied that Rajai gave an interview to Die Welt.

Tehran radio reported that Iraq had lost 215 MiG aircraft, 3,000 tanks, 1,000 artillery pieces, 1,800 other military vehicles, and 20,000 men since the war began. In addition, Tehran radio said that "more than 500" Iraqi oil installations, military bases, airports, ports, and strategic and industrial sites had been destroyed by the Iranians. 90% of Iraq's operational military capacity was gone, according to the Iranian government radio. Baghdad radio reported that Iraqi forces had destroyed 558 Iranian aircraft, 147 boats, 1,089 tanks, 1,270 vehicles, and 449 artillery pieces; it had killed 8,413, wounded 516 and captured 964 since the war began. On the battlefield, both sides exchanged artillery fire at Abadan, Susangerd, Shush, Ahwaz, and Dezful. Iraq said its forces repulsed an Iranian attack at Gilan-e Gharb.

JANUARY 5, 1981 -- MONDAY

Hasan Ayat, member of the Majlis and a leader of the Islamic Republic Party, told EFE, the Spanish news agency, that the U.S. reply delivered to Tehran on Jan. 2 was "insufficient" and that the United States had not offered satisfactory guarantees although it had "agreed in principle" to accept the Iranian conditions. If the hostage issue continues as is, Ayat told EFE, there is no alternative but to place the hostages on trial. EFE reported that the three Americans had been moved from the Foreign Ministry to another location for one of the following reasons: (1) the Iranian government (Rajai and the religious leaders) did not trust the Foreign Ministry personnel, all of whom were secularists appointed to office by previous Foreign Ministers Yazdi and Ghotbzadeh, (2) the hostages were being gathered in one location because their release was imminent, or (3) all the hostages had been moved because the Iranians feared President-elect Reagan would order an attack or a rescue attempt as soon as he was inaugurated on Jan. 20. AFP, the French news agency, also interviewed Hasan Ayat and quoted him as saying that the United States had failed to provide acceptable guarantees. Ayat told AFP that it was not necessary to set a deadline for American compliance with the conditions because Iran could place the hostages on trial any time it wanted to. Ayat said the United States offered "\$5 or 6 billion dollars" as a guarantee to be placed in Algeria, but that Iran wanted the frozen assets returned and all of the Shah's wealth placed in escrow in Algeria before Iran would release the hostages. (Iran claims the frozen assets total \$9 billion, plus \$3 billion interest, and the Shah's wealth totals \$10 billion.) Ayat told AFP that the U.S. Government was "under pressure from U.S. public opinion" to accept the Iranian conditions.

Baghdad radio broadcast a commentary on the hostage issue which stated that the religious leaders of Iran, Rajai, Rafsanjani, and Beheshti, wanted the hostage issue carried over to the Reagan Administration so that Iran can use the release of the hostages to establish relations with the new U.S. Government. Baghdad radio also said that the Iranian government was losing control of the country and wanted to use the hostage issue to divert

attention away from internal problems and focus attention on the external problem of Iran's relations with the United States. The Iraqi radio said the Iranian leaders will "act" tough with the United States, but that they were ready to resolve the hostage issue.

The Soviet news agency Tass reported that the United States was "mounting a militaristic propaganda campaign" to prepare American "public opinion" for a "military intervention" in Iran. Washington is "blackmailing" Iran, Tass said, and quoted White House press secretary Powell's statement that if the hostages are placed on trial, the United States will act as an example of the "blackmail."

President Bani Sadr announced that the Iranian military had launched a counter offensive against Iraq and was achieving great victories over the retreating Iraqi forces. Tehran radio reported that the joint staff of the Iranian armed forces would not issue reports on the progress of the counteroffensive in order to protect military secrets. Later, Iranian news sources reported that the Iraqis had been driven back from Susangerd and north of Abadan, and that the "wide scale offensive" would not stop until the Iranians regained all Iran's territory up to the border. Tehran radio reported that Iran captured 1,700 Iraqi soldiers and 400 tanks and other vehicles. Iraqi sources did not acknowledge the Iranian "offensive," and reported that the Iraqis had repulsed an Iranian attack on Susangerd.

JANUARY 6, 1981 -- TUESDAY

Following an early morning cabinet meeting with Ayatollah Khomeini, Prime Minister Rajai told Iranian television that he had informed Khomeini of the Algerian government "proposal" to "guarantee to solve the crisis" as an intermediary and that Khomeini had "allowed" the government (presumably the Iranian government) to "assume the undertaking" of the Algerians.

AFP, the French news agency, reporting on Rajai's statements after the Khomeini meeting said that Khomeini "agreed to accept" an Algerian proposal to use Algerian good offices to resolve Iranian-American differences. An unnamed source told AFP that there was no change in the Algerian role or in the Iranian position, that the Algerians would continue to act as intermediaries, and that Iran would send another response to the latest American proposal soon.

Reuters reported that Khomeini told Rajai and the Iranian government to accept the Algerian "undertakings" for solving the hostage dispute. Reuters reported that it was not clear if Rajai meant Khomeini had approved the already existing Algerian role as intermediary or a new role to be assumed by the Algerians. Reuters concluded that Rajai's remarks were "spontaneous" and did not signal a change in Iranian policy toward the hostage negotiations.

The Algerian ambassador to Iran, Abd al-Karim Ghraib, told reporters that there was no change in Algeria's role as an intermediary between the Iranian and American governments. Another Algerian diplomat in Tehran told Reuters that Rajai's reference to the Algerian role in the negotiations was general, not specific, and there was no change.

In Washington, White House press secretary Jody Powell and Secretary of State Edmund Muskie cautioned against optimism generated by the reports of

Rajai's statements, although Buskie did call the news from Iran "positive." At midnight, the State Department sent another message to Iran via the Algerians, but did not disclose what was in the message.

Reports from Iran that Khomeini had approved something, that the Algerian role in the negotiations had changed in some way, or that Iran had accepted some new proposal, were reported by American newspaper, radio, and television journalists as a possible breakthrough in the negotiations. A mixture of rumors, wishful thinking, speculation, and facts contributed to a few hours of anticipation in Washington that the hostage issue may be near an end, but the mood sobered after a more careful reading of Rajai's morning press conference and assurances from the State Department that nothing unusual was happening. The announcement at midnight of another message being sent to Iran revived the mood of hopeful anticipation.

Tehran radio broadcast a commentary that said Iran "exposed" American "corruption and lies" by publishing the U.S. proposals on the hostage negotiations. The commentator said the United States accepted the Iranian conditions, but the United States offered only the President's signature as a guarantee that the United States would fulfill its part of the bargain. The Iranian response stated that Iran could not accept either Carter or Reagan's signatures as a guarantee, and that the United States must add the words "from now on" to the pledge not to interfere in Iranian affairs. The radio commentator said Iran was justified in seeking these adjustments to the hostage release agreement to stop the United States from trying to "swindle" the Iranians. Proof that the Iranians were correct in publishing the American reply may be found in the Washington Post, said the commentator, because the Post, the "semi-official" voice of the "Carter administration," switched its position from praising Iran's "good intentions and courage" to "cursing" Iran and the Islamic revolution. (The commentator cited a Post editorial of Dec. 27 as the harbinger of the reversal; the Washington Post's editorials that day did not deal with Iran.) The Tehran radio commentator went on to say that the "next step" for the United States is a "comprehensive military offensive" against Iran which will result in the "burning" of Persian Gulf oil fields and the economic "destruction" of the West. That the United States will launch this military offensive is proven by the presence of U.S. aircraft carriers in the region and U.S. military bases in Oman, the Somali Republic, Iraq, Egypt, and Jordan, said the commentator. (The content of today's Tehran radio commentary is similar to the commentary of Jan. 2 that was interrupted in mid sentence.)

NVOI reported that the United States gave Iran a two week deadline to release the hostages, but the real intention of the American move was to end the Islamic revolution in Iran and re-establish American dominance over Iran. NVOI said the United States was making "frenzied war preparations" and that the Reagan Administration was considering several military options, including mining Iranian ports, "punitive" military strikes, and "war operations" against Iran.

APP reported from Tehran that Rajai told the press after his meeting with Khomeini that Iran would not attend the Islamic Conference summit in Saudi Arabia this month if Iraq attended.

Al-Anba, the Kuwaiti newspaper, reported that Ahmad Khomeini, the Ayatollah's son, was traveling to France and Switzerland to make arrangements for medical treatment for his father. Al-Anba said Khomeini's health was deteriorating.

Tehran reported that Iraqi forces had retreated some 22 kilometers from Ahwaz and Susangerd in the face of the Iranian offensive. Ayatollah Khamenei said Iran captured 2,000 Iraqis, and had "crushed" the Iraqi defensive line in Khuzistan province. Iran also claimed to have stopped an Iraqi counteroffensive at Ahwaz. Iraq claimed its forces stopped an Iranian drive at Sar-e Pol-e Zahab, Gilan-e Gharb, and Mehran, and that the battle for Susangerd was in its second day. According to the Iraqis, the Iranian offensive had failed and the Iranians were in retreat.

JANUARY 7, 1981 — WEDNESDAY

Deputy Secretary of State Warren Christopher, Assistant Secretary of State for Near East and South Asia Harold Saunders, State Department Legal Advisor Robert B. Owen, and Arnold Raphael, an assistant to Secretary of State Muskie, left Washington for Algiers carrying an American proposal. State Department spokesmen again cautioned against optimism in the current flurry of activity over the hostage negotiations. The State Department denied news reports that the United States had raised its offer to the Iranians to \$8 billion for the Algerian escrow account; earlier reports said the United States offered between \$5 and \$6 billion. Iran sought a total of \$24 billion to be transferred to Algeria pending the release of the hostages.

At a press conference in Tehran, Executive Affairs Minister Behzad Nabavi said Algeria had agreed to accept "undertakings" from Iran and the United States. Nabavi said Iran was studying the Algerian proposal and would announce its answer soon. Nabavi did not say what the Algerian proposal entailed or what the "undertaking" was. (Reuters reported from Tehran that the Algerians had offered to receive the cash from the United States and the hostages from Iran and hold both until the two sides were satisfied that the terms of the agreement were completed, and then release the funds to Iran and the hostages to the United States simultaneously.) Nabavi repeated the by now familiar line that the hostages would be tried if the United States did not accept the Majlis conditions. When asked by reporters about the Algerian role in the negotiations, Nabavi said the Algerians were "messengers" but added that they had made "suggestions" which Iran was considering. Nabavi corrected what he said was a misinterpretation of Rajai's comments yesterday that Iran had accepted an Algerian proposal; Iran was considering the proposal but had not accepted it. Nabavi also clarified another misinterpretation that Iran was waiting for the United States to accept the Majlis conditions for the release of the hostages; Iran wanted "adequate assurances" concerning American commitments to meet the terms of the conditions in addition to the American acceptance of the conditions. Nabavi refused to disclose where the hostages were being held or if the three hostages removed from the Foreign Ministry on Jan. 4 were with the other 49.

Radio Iran (clandestine, anti-Khomeini) reported that the Soviet Union was increasing its troop concentrations along the Iranian border and that there was a "possibility" that the Soviet Union, the United States, and Iraq had agreed to invade Iran and partition the country, with each of the three seizing a part of Iran. Radio Iran said the Tudeh Party (Communist) was advocating that the hostages be tried because the trial would trigger the Soviet-American-Iraqi invasion. Iranian religious leaders would destroy Iran if they insisted on a trial, said the radio.

The National Voice of Iran (clandestine, Soviet) attacked France for

allowing the "remnants of SAVAK and the imperial regime" to operate in France and form their "anti-Iranian schemes." NVOI said France was cooperating with the United States helping the anti-Khomeini forces.

Kurds and Revolutionary Guards fought another battle near Marivan, in the northeast corner of Iran.

Iranian sources continued to praise the counteroffensive against Iraq and to claim advances along the battle line. Iraqi sources said Iraq held against the Iranian attack at Dezful and Susangerd (which the Iraqis call Khafajiyah). Iran said "hand-to-hand" fighting continued in the northern areas. Iraqi and Iranian planes fought an air-to-air battle over Susangerd.

JANUARY 8, 1981 — THURSDAY

According to American news sources, the Iranians asked the Algerians to forward a list of questions to the United States about the Jan. 2 American response. The American answer to those questions was compiled and sent to Algeria on Jan. 6 (the midnight message that raised speculation of a breakthrough in the negotiations). But the Algerians, according to the American news sources, did not understand the American replies and asked for clarifications. Deputy Secretary of State Christopher was sent by the White House to Algiers yesterday to explain the American answers to the Iranian questions. The story was not confirmed by the State Department or the White House.

Algerian Foreign Minister Muhammad Ben Yahya met Christopher and the American delegation in Algiers and the American and Algerian diplomats began discussions immediately.

A Tehran radio commentary focussed on American "crimes" against Iran and the "evil" intentions of the United States to dominate Iran and other nations.

On the Iranian internal political scene, Islamic Revolution, the secularist newspaper, published a story that there had been another demonstration in Mashhad in support of President Bani Sadr. Ayatollah Khomeini addressed a group of religious students and told them that good leaders needed both "knowledge" and correct religious beliefs. The Khomeini statement appeared to straddle the religion vs. expertise argument that has plagued the Iranian government since Rajai's appointment as Prime Minister. The state radio reported that Iranian forces were "mopping up" pockets of Kurdish resistance in the Sanandaj and Kamyaran areas.

On the battlefield, both sides reported inflicting heavy casualties on each other in the Dezful, Suasangerd, and Ahwaz areas. Iraqi planes hit Iranian forces at Dezful, Bushehr, and Ilam. Baghdad radio broadcast a statement by Revolutionary Command Council member Taha Yasin Ramadan in which the Iraqi leader described the heavy losses suffered by the Iranians in the now defeated Iranian counteroffensive. Tehran radio reported that Ayatollah Khamenei had briefed Ayatollah Khomeini on Iranian successes in the counteroffensive that began on Jan. 5. Iran displayed 495 captured Iraqi soldiers in Tehran for local and foreign press. An Iranian army officer gave a speech to the captives in which he said that they had been tricked by President Da Saddam Husayn into fighting Iran and now they were in a true

Islamic country.

JANUARY 9, 1981 -- FRIDAY

Officials at the State Department were "positive," according to American news sources, in their appraisal of the status of the negotiations, but another report from Algiers said Deputy Secretary of State Christopher was pessimistic after his conversations with the Algerians. Other Western news sources said the issue of the Shah's wealth had been dropped from the negotiations, suggesting that the Iranian-American discussions were concentrating on the Iranian government assets alone. The stories of the Shah's wealth no longer being at issue were not confirmed by the State Department.

Chase Manhattan and Chemical, two of New York's larger banks, denied rumors that they had transferred large sums of money to Algeria.

A "student" interviewed by a Western journalist, said in Tehran that three of the American hostages had tried to escape from their "student" captors, one actually getting outside the embassy compound before he was recaptured. The "student" did not name the hostages or say when the escape attempts had taken place. Neither the "student" interview nor reports of such escape attempts have been reported by Iranian sources.

An Iranian official confirmed receipt of the American "clarifications," presumably sent from Algiers by Christopher, but said there were many details yet to be worked out. AFP reported that the amount the United States is to deposit in Algeria remains at issue. According to AFP, the Iranians sent their list of questions concerning the Jan. 2 American response on Jan. 6, and received a reply on Jan. 7.

A Tehran radio commentary said President Carter had "postponed" a resolution of the hostage crisis until after President-elect Reagan takes office on Jan. 20, in order to allow Reagan the "freedom" to use "political-military manuevers."

Ayatollah Montazari told the Tehran Friday prayer gathering that he had received complaints from young army officers and non-commissioned officers that the higher level officers would not listen to advice or suggestions from the lower ranks. Montazari said the upper echelon officers must heed the words of young officers and NCO's. Montazari also denied that he had criticized the air force for not fighting well against the Iraqis.

Another group of 280 captured Iraqi soldiers was paraded through Tehran for the public and press to see how well the Iraqis were being treated by the Iranians and to confirm the Iranian government reports that the counteroffensive was a success. Iran claimed its planes attacked Iraqi positions at Abadan, Khorramshahr, and Ahwaz. Iraq said its helicopters hit Iranian armored concentrations at Susangerd. Iraq also said its forces advanced at Susangerd and Dezful. Both sides exchanged artillery fire around Abadan and Dezful.

JANUARY 10, 1981 -- SATURDAY

The French News agency AFP reported from Tehran that Ahmad Azizi, an aide to Iranian Prime Minister Rajai, said the Algerian "communique" was "acceptable" to Iran, that Iran now had the answers to all the questions raised about the Jan. 2 American reply. Iran would have an answer for the Americans by the "end of the week" (probably meaning Thursday, Jan. 15; the Muslim sabath is Friday). Reuters quoted Azizi as saying he "hoped" the negotiations would be completed in 10 days, that he was "optimistic" a solution was at hand, and that Iran would "most probably" accept the Algerian proposal. When asked if the hostage issue would be resolved before President Carter left office on Jan. 20, Reuters quoted Azizi as saying "I hope so." Iranian news sources did not report the Azizi comments.

Deputy Secretary of State Christopher, Assistant Secretary of State Saunders, and the rest of the American delegation, remained in Algiers; they had been scheduled to return to the United States today.

A Tehran radio news review

A Tehran radio news review repeated yesterday's statements that President Carter had "postponed" a resolution of the hostage crisis until President-elect Reagan assumed office. The radio did not repeat the reason for the "postponement" offered yesterday, which was to allow Reagan a free hand to use "political-military maneuvers."

Pars, the Iranian news agency, reported that former Secretary of State Henry Kissinger probably went to Gabhdad on Jan. 7. Kissinger arrived in Riyadh, Saudi Arabia, on Jan. 7, but did not see any Saudi officials and "disappeared" from public view until his arrival in Oman on Jan. 8, according to Pars. The Iranian news agency said Kissinger left Riyadh on a secret trip to Iraq similar to the former Secretary of State's secret trip to China. Pars called Kissinger an advisor to President-elect Reagan and implied that the alleged trip to Iraq was part of Reagan's plans to reinforce an American alliance with Iraq in the Iraq-Iran war. Iranian sources have maintained since the beginning of the conflict with Iraq that the United States and Iraq colluded in the attack on Iran.

A ship carrying Iranian crude oil, loaded from Kharg Island, arrived in Spain, the first report of a shipment of Iranian oil to reach Europe since the war began. Some Iranian oil has reached India, according to reports. Oil industry sources reported in early December 1980, that Iraq was transporting about 900,000 barrels per day through the Iraq-Turkey and Iraq-Syria pipelines and that Iran was shipping about 300,000 b/d out of Kharg, Lavan island, and Sirri terminals in the Gulf. Despite periodic interruptions in the Iraqi pipeline flow, usually due to Iranian air attacks against pumping stations inside Iraq, and sporadic loading from the Iranian Gulf terminals, usually interrupted by Iraqi air attacks against Kharg Island, the two nations appear to be maintaining the 900,000 b/d and 300,000 b/d flows. Syria allows the Iraqi oil to flow through its territory despite poor Iraq-Syria relations because the Syrians take about 100,000 b/d for their own use. Similarly, the Turks take about 250,000 b/d for Turkish use.

Iraqi President Saddam Husayn returned to Baghdad after having spent the past three days with Iraqi troops along the southern front. (Perhaps the Iraqi leader was mimicking his Iranian counterpart, Bani Sadr, who boasts frequently of his devotion to his country as evidenced by the time he spends with the troops.) Iraqi news sources said Iraq armed forces destroyed an

Iranian armored division at Susangerd. Iranian sources said the Iraqis were in retreat at Susangerd. Iraq said it had gained ground at Abadan and Dezful. Iran said it gained ground at Gilan-e Gharb and that artillery battles were underway at Mehran, Qasr-e Shirin, Sumar, and Sar-e Pol-e Zahab. The Soviet embassy in Tehran denied that the Soviet Union was shipping arms to Iraq, specifically denying the delivery of 150 T-72 tanks to the Iraqis. Iranian news sources reported on Jan. 3 that the Soviets had delivered the tanks.

JANUARY 11, 1981 -- SUNDAY

American news sources reported that the United States holds \$9.5 billion in Iranian government assets, of which \$2.3 billion is tied up in court cases and the remaining \$7.3 billion is unencumbered and free to be transferred to Algeria. The U.S. Treasury Department could not confirm the figures.

Tehran press sources said Iran's "final reply" would be sent to the United States within the next two days. The Islamic Revolution newspaper (secularist) reported that the Iranian government had accepted "international guarantees" for the transfer of the Iranian assets instead of the plan for an escrow account in the Algerian Central Bank. Tanjung, the Yugoslavian news agency, reported from Tehran that the "international guarantee" idea was included in the "Algerian proposal" which Iran received last week. Tanjung said Iran would inform Deputy Secretary of State Christopher in Algiers on Tuesday, Jan. 3, of its decision to accept or reject the international guarantee scheme. (It was not clear what the "international guarantee" scheme was; apparently the United States will issue an Executive Order to "guarantee" that some Iranian funds will be paid to Iran through European banks and some through the Algerians. Details of the "international guarantee" idea were not available from U.S. Government sources.)

Reuters reported from Tehran that the United States had offered to deposit \$8 billion in an Algerian escrow account. (Reuters did not mention the "international guarantee" plan.) Reuters, quoting a "diplomatic source close to the negotiations," said the prospects for a "breakthrough" occurring before Jan. 20 (Inauguration Day) were good because the Iranians feared a Reagan Administration, but that the Iranian leaders needed a way to "save face" before accepting the American figure of \$8 billion.

AFP reported from Tehran that the United States offered \$10 billion in a direct payment to the Iranian government, bypassing the Algerian escrow account. The first American offer, according to AFP, was \$7 billion, paid in two installments, which has now been raised to \$10 billion. The United States offered to submit the \$2.5 billion tied up in American courts to international arbitration after the hostages are released, according to AFP. (The American news sources said \$2.3 billion is tied up in American courts.) Iran will give its answer to the latest American offer on Monday, Jan. 12, or Tuesday, Jan. 13, AFP said. (The AFP description of U.S. direct payments to Iran, bypassing Algeria, may be the same as the "international guarantees" described by the Islamic Republic and Tanjung.)

In an interview with AFP, Jalal al-Din Parsi, a leader of the Islamic Republic Party and Khomeini's first choice for President, said the hostages would be tried only if the United States "flatly rejects" Iran's conditions for the release of the hostages. Parsi said he did not favor setting a

deadline for American acceptance of the conditions, but would interpret an American "stall" as a rejection, and, hence, reason enough to try the hostages. If found guilty of "plots against the Islamic Republic" or of helping the Shah, the hostages would be sentenced to prison. Farsi did not rule out the death penalty for guilty hostages. Farsi also told AFP that there was no difference between Carter and Reagan.

The Sunday Times of London published a report on the location and status of the hostages in Iran. The State Department could not confirm any of the Times' information. According to the Times, 38 hostages are held by the Iranian government in the Crown Casino Hotel, a gambling resort, completed just before the Shah fell, near the town of Namak Rud, on the Caspian Sea. (Namak Rud, which means salt river in Farsi, may be one of two places. The first, named Namak Rud, is located near the eastern edge of the Iranian shore of the Caspian, close to the Soviet border, in a somewhat isolated area of salt marshes. In northern Iran, Namak Rud is considered so remote that it is cited as the hypothetical home of simple minded people, as in "He's so dumb he must be from Namak Rud." The standing joke about Namak Rud did not lend credence to the Times' story. The second and more probable place, named Namak Abrud Sar, is a resort area directly north of Tehran on the Caspian, east of Rasht and near Rud Sar.) The Times story said the other 14 hostages, which included the three transferred from the Iranian Foreign Ministry on Jan. 4, were being held in a Revolutionary Guards' barracks northeast of Tehran. The Times article, written by Amir Taheri from Tehran, said the hostages were being held at the Crown Casino because it was close to Soviet radar stations and the Soviets would detect any airborne American rescue attempts. The hostages were being treated well at the Crown Casino, the Times article stated, and were being entertained with old Ronald Reagan film (another ironic joke, perhaps). Since the Iranian government took custody from the "students" on Dec. 18, according to the Times, the "intense psychological pressure" and "brainwashing" had stopped. One "student" told the Times correspondent that information collected on videotape, in tape recordings, and in documents during the "student" interrogation of the hostages would be used in a trial even though the hostages may be released. Supposedly, the trial would be held at the now-empty American embassy to justify seizing the embassy in Nov. 1979, and to prove charges of "spying" against Iranian officials, such as former Prime Minister Mehdi Bazargan and his assistant Abbas Amir-Entezam. The Times said the hostages were guarded closely because the Government feared kidnapping or assassination attempts by anti-Khomeini groups in Iran.

The Tehran daily newspaper Mizzan, formerly edited by Mehdi Bazargan, called for the names of the "students" who seized and held the hostages to be made public so that the Iranian people would know the identities of the people who held sway over domestic and foreign policy. Mizzan said the "students" were Marxists.

In the war, Iran claimed to have shot down an Iraqi MiG-23, one of the few times the Iranians have specified the type of Iraqi planes they face. Iran also claimed to have launched a naval attack against the Iraqi oil terminal at al-Faw. Iran said its forces won victories at Ilam and at Sarbush heights near Lake Marivan. (There has been little fighting between Iraq and Iran as far north as Lake Marivan; fighting in that area usually is between Iranian forces and the Kurds.) Battles continued for Sare-e Pol-e Zahab, Gilan-e Gharb, Sumar, and Sayf Saad. Iraq said it stopped an Iranian thrust at Mehran. The two sides exchanged artillery fire at Shush, Dezful, Ahwaz, Susangerd, and north of Abadan along the Bahmanshir River.

JANUARY 12, 1981 -- MONDAY

President Carter said the changes for a resolution of the hostage problem looked "better" but that he could not "predict success." The Washington Post reported that the United States was offering \$8 billion to be transferred to Algeria, to be transferred in turn to Iran when the hostages were released (which coincides with the Reuters report yesterday).

Executive Affairs Minister Behzad Nabavi introduced two bills to the Majlis, one to nationalize the assets of the Shah and his family (53 family members, according to Nabavi) and one to accept third party arbitration of Iranian and American claims. The Majlis voted approval of Nabavi's recommendation that the two bills be given a priority status, which means they will be debated and voted on without delay. Nabavi, in his statement to the Majlis, asked for quick approval of the two bills, which appeared to confirm the view that Iran wants to settle the hostage issue before the Reagan inauguration. Nabavi also said that the hostage negotiations "may or may not continue" after the Reagan inauguration. The Majlis then went into closed session to debate the bills. (Apparently, nationalizing the Shah's wealth will give Iran an advantage in claiming the Shah's assets in American courts. Accepting third party arbitration of disputed financial claims may be a way to free the Iranian government assets now encumbered in American courts. State Department officials in Washington said they had no prior knowledge that Nabavi would introduce the two bills.)

Prime Minister Rajai's office issued a statement requesting all Iranian institutions, firms, or individuals with financial claims against United States institutions, firms, or individuals, and all Iranians who have incurred debts in the United States to file documented evidence of the claims or debts with the "Reference Claims Committee" in the office of the Minister of State for Executive Affairs within 30 days. (Behzad Nabavi is the Executive Affairs Minister and in charge of the hostage negotiations. The Prime Minister's statement appeared to buttress news reports that the Iranians are close to resolving the hostage issue.)

Majlis Speaker Ayatollah Hashimi Rafsanjani told the press that the hostages may be released "between now and Jan. 16," Friday (and the deadline set by the Carter administration to complete the negotiations before the Reagan Administration takes office on Jan. 20), and that the release may completed before arbitration of the "financial and Judicial" differences between Iran and the United States has been resolved. (AFP reported that the United States proposed the international arbitration of the financial claims but that the arbitration was not linked directly to the hostage release.) Rafsanjani also said that the United States agreed to return all Iranian property to Iran and that there were no problems with the Shah's wealth. (The Majlis bill to nationalize the Shah's assets would, in effect, make the Shah's assets the property of the nation of Iran. Final decisions, said Rafsanjani, would be left to the American courts.

Prime Minister Rajai said over Tehran radio that the "hostage issue is making progress" and added that the hostages may be released "in a short period."

In his press conference, Rafsanjani also said that former Prime Minister of Sweden Olof Palme was welcome to return to Tehran to discuss a cease-fire

in the Iran-Iraq war, but that Iran would not accept a cease-fire until Iraqi troops withdrew from Iranian territory. (On Nov. 11, 1980, U.N. Secretary-General Waldheim named Palme as his special envoy to negotiate a cease-fire and to secure the release of ships trapped in the Shatt al-Arab by the war. Palme traveled to Tehran and Amman, Jordan, where he met Iraqi officials attending the Arab summit meeting, and returned to New York on Nov. 24. Palme announced on Nov. 26 that Iraq and Iran had agreed in principle to allow the trapped ships to leave, but the release was never accomplished. Since late Nov., the U.N. cease-fire effort has been dormant, as have the other cease-fire efforts.)

Iraq displayed for the press 30 American and British tanks captured from Iran in the war. Another 20 M-60 and Chieftan tanks were being transported away from the battlefield area to an unknown destination. Iraq claimed to have captured or destroyed 214 Iranian tanks in the past three days fighting. Iraq said its helicopters hit Iranian tanks and artillery emplacements at Sayf Saad. Iran claimed to have a new offensive underway at Kermanshah. Both sides exchanged artillery fire at Abadan, and the battles around Gilan-e Gharb, Sumar, Ilam, Sar-e Pole-e Zahab, Qasr-e Shirin, and Mehtar continued.

The Soviet Foreign Ministry called in the Iranian ambassador in Moscow to complain about the attack on the Soviet embassy in Tehran on Dec. 27. The Soviets claimed the Iranian government did not take appropriate action to stop the attack, which the Soviets appeared to interpret as a "hostile" action by the Government of Iran.

JANUARY 13, 1981 -- TUESDAY

The Majlis postponed action on the two bills introduced yesterday, one to nationalize the Shah's wealth and one to accept international arbitration of U.S.-Iran financial claims, because all of the members of the Council of Guardians were not present in the Majlis chamber. Under the Iranian constitution, the 12-member Council of Guardians, who are religious scholars, must approve any Majlis bill designated "urgent." The Majlis had approved the "urgent" designation yesterday, and called for the Council of Guardians to be present in the chamber during today's debate, but some of the Majlis were out of town and could not return in time for the session. The Majlis went into recess to allow the Guardians to return, but after one hour postponed the session until tomorrow. (The postponement did not appear to be deliberate, as was the case during the late October-early November Majlis debate over the hostage release conditions when many Majlis members remained outside the chamber to prohibit a quorum.)

Reuters quoted "sources in Tehran" as saying Iran and the United States were close to an agreement and that the hostages would be released before the Jan. 20 inauguration.

Ahmad Azizi, an aide to the Prime Minister, told the Iran Central News Bureau, Pars, that no date had been set for the hostage release, that no "final agreement" had been reached, but that there was a "positive framework" for resolving the hostage issue. Azizi told Reuters that the hostages would not be released before Friday, Jan. 16, but that a date for the release was "approaching." Azizi said Algeria had accepted an American commitment to return Iran's assets and take "necessary measures" to return the Shah's wealth to Iran. Later, Azizi told a Tehran radio correspondent that

"Reagan's threats cannot have a positive effect on the details of the work" (presumably meaning the negotiations).

The Tehran Times released an interview (to be published in tomorrow's English language edition) with Hasan Ayat, a Majlis member and close associate of Ayatollah Beheshti and the Islamic Republic Party, in which Ayat "ruled out" a hostage release before the Jan. 20 inauguration. Ayat told the Tehran Times that the Majlis debate on the two bills may take until Saturday, Jan. 17, which is past the "deadline" set by President Carter for completing the negotiations before the Reagan Administration takes office. Ayat told AFP, the French news agency, that Reagan would need only a few days to review the negotiations after he was sworn in as President, implying that there was no need to hurry and that Ayat expected no change in the American approach to the negotiations. In his interview with AFP, Ayat said he opposed an "urgent" debate on the two bills before the Majlis, and said the Majlis debate would continue in spite of the American Presidential inauguration.

In a press conference, Majlis Speaker Rafsanjani said the United States had made no commitments on releasing the military equipment paid for but held in the United States under the assets freeze.

The Financial Times of London reported that Iran signed an agreement to supply 40,000 barrels of oil per day to the Soviet Union. The Financial Times also said Iran signed similar agreements for 150,000 b/d with Spain and 100,000 b/d with India. Iran is exporting about 700,000 b/d at present, according to the Financial Times.

The United Arab Emirates announced that it would raise the question of Iranian occupation of the three islands in the Persian Gulf at the forthcoming meeting of the Islamic Conference in Mecca, Saudi Arabia.

Khomeini's office announced that the Ayatollah would see no one without an appointment, and appealed to people to stay away from his home.

Bağdad radio reported that Kurds had attacked the Mahabad radio and television station and attacked Revolutionary Guard outposts near Urumiyah and Maqadah.

Majlis Speaker Rafsanjani said that Iran would not accept a cease-fire in the Iran-Iraq war as long as Iraqi forces occupied Iranian territory. Rafsanjani said U.N. envoy Olof Palme would be welcome in Iran to discuss the conflict.

Iranian and Iraqi forces continued their artillery exchanges at Dezful and Abadan, and the two sides reported heavy fighting around Gilan-e Gharb, Sayf Sad, and Susangerd.

JANUARY 14, 1981 -- WEDNESDAY

AFP reported from Algiers that the Algerian government had not been asked to take the hostages from Iran to be transferred to American custody when the funds are transferred to Iran. Observers in Algeria, according to AFP, believe the hostage release is "imminent."

In Tehran, Executive Affairs Minister Behzad Nabavi appeared before the

Majlis to discuss the bill which would accept international arbitration of claims. Nabavi urged the Majlis to pass the bill because Reagan would bring "new points of view" to the negotiations which would extend the talks for three or four months after the Jan. 20 inauguration. Nabavi said it was time to "get rid of the hostage problem" within the next "two or three days." Seizing the hostages was a victory for Iran, Nabavi said, and other nations will consider the Iranian action a model for "standing up to the world aggressors." Nabavi said that the United States' acceptance of the hostage release conditions was a sign of American weakness. Hasan Ayat, an Islamic Republic Party leader, offered a motion to the Majlis to delay consideration of the arbitration bill because Iran needed more time to compile a full description of Iranian complaints against the United States. The Ayat motion to delay debate was defeated. The Majlis then passed the bill, which in effect approved Iranian participation in an international arbitration of the financial dispute with the United States. The Majlis postponed action on the second bill, which would nationalize the Shah's assets, because it was not considered urgent. The Majlis adjourned until next Sunday, Jan. 18.

Tehran radio said in its late morning broadcast that the United States had placed 70% of Iran's assets on deposit in the Algerian Central Bank. (70% of \$9 billion would be about \$6.3 billion.) NVOI repeated the story in its afternoon commentary. Tehran radio reversed its earlier story in the late night news broadcast and said the United States had not deposited any money in Algeria.

Reuters said Iran was anxious to complete the hostage-for-assets exchange because the country needed the cash for the war effort, to pay for trade, and to buttress its sagging economy.

The Iranian Central Bank announced that it had "confiscated" the Shah's villa near St. Moritz, Switzerland.

Several European ambassadors met with Iranian government officials to appeal for the release of the hostages and to encourage Iran to complete the negotiations through the Iranian intermediaries. The Swiss chargé d'affaires delivered a letter to Majlis Speaker Rafsanjani from 185 members of the U.S. Congress urging the hostages' release.

Ayatollah Beheshti told Tehran radio that Iran would not accept decisions of other courts which were "puppets" of the United States, and that Iranian courts would handle the claims of Iranians and Americans.

Tehran radio said the return of the Shah's assets had been "suspended" from the negotiations. The Tehran commentary also said that the Iranian seizure of the American embassy and hostages was the "greatest" in a line of recent "defeats" suffered by the United States -- Vietnam, the fall of Somoza in Nicaragua, fall of the Shah, and Watergate -- and that the United States would suffer another defeat when Iran repelled the Iraqi invasion. The commentator said the United States killed the Shah to avoid sending him back to Iran to stand trial. (The Shah died in Cairo on July 27, 1980.) The commentary ended by saying that Iran had nothing to fear from a Reagan Administration because Reagan had agreed to accept the Carter decisions on the hostage negotiations.

Jalal al-Din Parsi, speaking as a member of the "Cultural Revolution Committee," said the purge of the universities would continue (Iranian universities have been closed since June) to seek out CIA agents, SAVAKists, parties trying to overthrow the Government," and Freemasons. Parsi, who was

Khomeini's choice to be President until it was discovered that his father was part Afghan, said 1,000 university teachers had been purged and that it was expected that another 500 would be ousted from the universities in the next several months.

Moscow radio repeated its warning about an American invasion of Iran and added that the United States was planning another rescue of the hostages.

Olof Palme arrived in Baghdad to seek a "peaceful solution" to the Iran-Iraq war. Palme met with Deputy Prime Minister Tariq Aziz and Foreign Minister Sadun Hammadi.

Fighting between Iranian and Iraqi forces continued at Sar-e Pol-e Zahab, Mehran, Shush, Dezful, and Susangerd. Iranian planes hit Iraqi forces at Sayf Sad, and claimed to have shot down an Iraqi MiG over Abadan. Iran said one of its planes was shot down over Iraqi territory.

JANUARY 15, 1981 -- THURSDAY

According to Reuters, Executive Affairs Minister Nabavi said that if the United States did not begin transferring Iran's assets to Algeria by the end of Friday, Jan. 16, the negotiations would be broken off. (Nabavi made the statement at 12:30 a.m. Friday, Tehran time, about 4 p.m. Thursday, Washington time. The United States had until the "end of working hours on Friday" to transfer the undisputed assets, and that "conditions will change drastically" if the United States fails to meet the deadline, Nabavi told Reuters. Pars news agency reported that Nabavi said Iran had sent a "positive and final reply" to Algeria over one week ago. The problem is the transfer between American banks and the Iranian Central Bank, Nabavi said, adding that the United States had made "no acceptable moves" to resolve the problem.

AFP reported that an Iranian message "described as a definite reply" had been sent to Algiers today. AFP quoted Ahmad Azizi of the Prime Minister's office as saying that the two difficulties remaining were "indexing" Iranian assets in the United States and "quashing" American court proceedings relating to the Iranian funds. Apparently, the message sent to Algeria dealt with these two issues.

The Islamic Republic newsletter quoted Ayatollah Beheshti as saying it did not matter whether the hostage issue was resolved before or after the American Presidential inauguration because the Majlis and the Government of Iran would decide if and when the hostages would go on trial.

Pars published the text of the Pars arbitration bill and the text of the Council of Guardians opinion that the bill did not violate Islamic law or practice.

Prime Minister Rajai and Executive Affairs Minister Nabavi met with Ayatollah Khomeini during the morning, but no announcement was made about the subject of the discussions.

Iraqi Deputy Prime Minister Tariq Aziz said Iran had offered to suspend its claims to Iranian territory and sovereignty over the Shatt al-Arab if the Iranians would agree to end the hostilities. According to Aziz, the Iranians

rejected the cease-fire offer. Aziz and Foreign Minister Hammadi met again with former Swedish Prime Minister and current United Nations special envoy Olof Palme.

Iran claimed its "commandoes" launched operations against Iraqi strongholds along the Ilaz front and other Iranian units had achieved victories at Gilan-e Gharb. Iraq claimed advances at Mehran, Dezful, and Sayf Sad.

JANUARY 16, 1981 -- FRIDAY

The White House announced that the draft of an agreement had been sent to Tehran, via Algeria, on Friday night and would be received in Tehran on Saturday morning. If Iran accepts the draft, said a White House spokesman, the exchange of hostages and Iranian funds would take place.

Earlier, President Carter directed the Federal Reserve Bank in New York to arrange for a transfer of 1.6 million ounces of Iranian-owned gold to the Bank of England in London, and to sell \$1.2 billion in Treasury securities belonging to the Iranian Government but held at the Federal Reserve, and to transfer the money to the Bank of England.

In late morning, some 25 bankers representing 12 large American banks arrived at the State Department to confer with U.S. Government officials on the transfer of other Iranian assets. A group of American legal and financial experts from European branches of American banks and two representatives from the Bank of England arrived in Algiers. Apparently, the last stumbling block is Iranian payments on loans from American banks. When the assets were frozen in Nov. 1979, American banks drew from frozen Iranian deposits to pay off defaulted loans. Now, the Iranians want the full amount restored rather than accept the deposits minus the loan payments. Iranian officials said that they will pay the loans from a separate account of \$1 billion to be deposited in Algiers. Iran will also deposit \$1 billion in an escrow account to settle outstanding claims against Iranian assets in the United States. Some 380 American companies have filed suit in U.S. Federal courts claiming some \$3 billion as compensation for cancelled contracts, unpaid Iranian debts, expropriated property, or other financial claims. It was to settle these claims that the United States and Iran agreed to international arbitration. According to press reports, branches of American banks in Europe hold about \$4 billion in Iranian deposits and Iranian banks in the United States hold about \$2.2 billion in Iranian deposits. Apparently, only the money in the United States is encumbered by the U.S. Federal Courts and the 380 lawsuits.

In Tehran, Executive Affairs Minister Nabavi said both Iran and the United States had agreed to methods for transferring the funds and that there was no new complication as reported in the Western press. Nabavi said there were no obstacles blocking the hostage-funds transfer, and blamed the United States for "procrastinating."

The newspaper Die Presse of Vienna said the Algerian government had asked the Austrian government to assist with the financial transactions between the United States and Iran, and that the Austrian government had agreed to the request. Die Presse said the U.S. Government had thanked Austria for the offer, but had not said specifically that the Austrian bank would be used for

the transfer.

In Stockholm, Scanaire, an airline charter company, said a London broker had asked for a DC-8 to stand by for a flight to Iran. (The same company had received a similar request in early November 1980, when a hostage release was reported imminent.)

Newspaper columnists Evans and Novack reported in Washington that President Carter told the American negotiators that he wanted the hostages released "at all costs" before his Presidency ends on Tuesday, Jan. 20. Another unconfirmed report said Richard Allen, designated to be the national security advisor to President-elect Reagan, was receiving regular reports on the progress of the negotiations.

A Tehran radio commentary said the Iranian hostage seizure had demonstrated American weakness, and that Iran had forced the United States to withdraw from Iran and "retreat."

Al-Watan, a Kuwaiti newspaper, reported that Iran asked the United States for new aircraft and spare parts for aircraft already in Iran, but that the United States said it would not reply to the request for spare parts or new aircraft until after the hostages were released.

Tehran radio said Olof Palme, who is trying to negotiate a cease-fire in the Iraq-Iran war, will arrive in Tehran from Baghdad today. Iraqi planes hit Iranian targets in Bushehr and Ilam. Both sides exchanged artillery fire along the northern front and at Dezful and Abadan.

The Kurds and Revolutionary Guards clashed between Sanandaj and Marivan.

JANUARY 17, 1981 -- SATURDAY

The sequence of events in the hostage negotiations, as reported by various news sources, was as follows: (All times are Eastern Standard Time, Washington D.C.; Tehran is 8 1/2 hours later)

At 4:30 a.m., AFP reported that the Iranian government acknowledged receipt of a "final text" of the U.S. financial arrangements.

Reuters reported at 4:50 a.m. that Iran had asked Algeria to provide an airplane and a team of Algerian doctors to be dispatched to Tehran to examine the hostages. Pars news agency said the Algerian doctors were enroute to Tehran.

APP reported from Tehran at 5:15 a.m. that Mehrabad airport in Tehran had been closed until Jan. 18, Sunday. One-half hour later, AFP retracted the story.

At 6:30 a.m., Stockholm radio repeated yesterday's story that Scanaire, the charter airline, had a plane standing by to fly to Tehran and to take the hostages to West Germany. Stockholm repeated the reports of the Algerian airliner, the Algerian doctors, and the AFP story that Mehrabad airport had been closed.

Shortly after 7 a.m., Reuters, quoting Pars, said that Babavi stated that

the United States had transferred only part of Iran's assets, and that Iran would wait until all the assets were in Algeria before the hostages could be released. Reuters said Prime Minister Rajai summoned all foreign diplomats stationed in Tehran to a meeting, but then cancelled the meeting at the last minute. Reuters said that Lajes air base in the Azores had been placed on alert status, possibly to refuel planes used to shuttle the hostages back to the United States. Reuters quoted Algerian sources as confirming that a team of Algerian doctors had flown to Tehran.

Algerian radio confirmed that six Algerian doctors were enroute to Tehran at Iran's request at 7:25 a.m. Twenty minutes later, Algerian radio said Foreign Minister Muhammad Ben Yahia had received Iranian charge d'affaires Arab Asgar at the Algerian Foreign Ministry.

At 8 a.m., Tehran radio reported that the Prime Minister's office said there could be no hostage release "during the current week" because the United States had not met all the conditions and there was no "final agreement."

Tehran radio confirmed in its 10:00 a.m. broadcast that Iran had received an American response to Iran's proposal on the arbitration agreement.

Tanjung, the Yugoslavian news service, reported at 11 a.m. that Hasan Ayat had said an "early release is not possible" and that the settlement would be reached in the "early days of the Reagan administration." Amman, Jordan, radio repeated the same announcement 20 minutes later. (Ayat said the same thing in a Tehran Times interview published Jan. 14, and after the Majlis published the arbitration bill the same day.)

Damascus radio reported at 11:30 a.m. that sources in Algiers expected the hostages to be flown to Algeria today, to be transferred to the American delegation. The Syrian radio said the "final texts" of the agreement would be released simultaneously in Tehran, Washington, and Algiers.

At 12:40 p.m., AFP reported that the six Algerian doctors had arrived in Tehran but would not see the hostages until Sunday, Jan. 18.

AFP, in a 1:15 p.m. broadcast, quoted Executive Affairs Minister Nabavi as saying that Iran had sent two messages to the United States (at 3:30 and 8:30 a.m.) concerning the transfer of funds, and had received two messages from the United States on the same subject. Nabavi told AFP that it "would be a great help" if the United States would send "clarifications" on some points dealing with the transfer of funds to a third country. Nabavi told AFP that an Algerian airliner was "ready to take out the American hostages." Reuters news services repeated the Nabavi statements at 2 p.m.

Algiers radio said at 4 p.m. that a "release of the hostages appears imminent."

During the day, Soviet news sources focused on what they called U.S. military preparations for an invasion of Iran. Pravda said the United States was preparing a new military operation against Iran under the cover of negotiations. RVOI said the Reagan Administration would resort to military force and was preparing an attack on Iran. Moscow radio in Russian said Washington was preparing aggressive action to free the hostages with troops based in Pakistan, Egypt, and Oman, and that a Marine amphibious force was ready to land at Bandar Abbas. The Russian language broadcast cited Indian and British sources. Moscow radio also said that former Secretary of State

Kissinger's recent trip to the Middle East laid the groundwork for the American invasion of Iran. Moscow radio broadcasts in Parsi and English repeated the story. In Washington, Secretary of State Muskie summoned Soviet ambassador Anatoly Dobrynin to the State Department to complain about the blatantly antagonistic nature of the Soviet news reports.

In Tehran, President Bani Sadr and Prime Minister Rajai met separately with Olof Palme to discuss a cease-fire in the Iran-Iraq war, and both told reporters after the meetings that Iran would keep fighting until Iraqi troops were driven off Iranian soil. A Kuwaiti newspaper quoted Iraqi President Saddam Husayn as saying Iraq would not accept a cease-fire until Iran recognized Iraqi territorial rights along the Shatt al-Arab. Both sides exchanged artillery fire at Dezful, Ahwaz, and Susangerd, and both sides reported fighting at Gilan-e Gharb and Sar-e Pol-e Zahab.

Pars news agency reported that Iranian forces were "mopping up" counterrevolutionaries (meaning Kurds) at Paveh and Mowsud, and that the Kurds were retreating from Marivan.

JANUARY 18, 1981 -- SUNDAY

The sequence of events in the hostage negotiations, as reported by various news sources, was as follows: (All times are Eastern Standard Time, Washington, D.C.; Tehran is 8 1/2 hours later.)

Reuters reported at 5 a.m. that an Iranian government official said a resolution of the hostage problem "is just a matter of time." The official said the messages being exchanged between Washington and Tehran, via Algiers, concerned "logistics." Reuters quoted the Iranian as saying no date or time had been set for the release and that the hostages would probably leave Iran after the U.S. Presidential inauguration on Jan. 20.

A report from Paris at 6 a.m. citing Algerian sources said a portion of the Algiers airport had been closed off and that an Air-Algerie airliner was due to leave for Tehran carrying journalists. According to the French radio, Algerian officials were saying the end of the hostage issue was near.

AFP reported, at 7:45 a.m., that Algerian officials had denied that a second plane had flown to Tehran (the first plane carried the six doctors yesterday) or that a plane load of journalists was scheduled to leave.

At 10 a.m., Pars, the official Iranian news agency, quoted Executive Affairs Minister Behzad Nabavi as saying that Iran and the United States had reached an agreement on freeing the hostages and unfreezing Iran's assets. According to Nabavi, only "trivial" points remained to be settled. Reuters news service and CBS carried the story from Tehran within minutes of the Pars announcement to the press. Iranian news sources did not broadcast the Nabavi announcement to the Iranian public until five hours later. The State Department would not confirm that an agreement had been reached, but said the prospects for an agreement were good. The White House acknowledged optimism but refused to confirm that an agreement was at hand. At noon, President-elect Reagan told the press he would co-sign an agreement with President Carter if the Iranian government was fearful that Reagan would not honor a Carter-signed agreement. At 12:40 p.m., President Carter returned to the White House from Camp David to chair a series of cabinet-level meetings

that would last for the next six hours.

AFP reported from Tehran at 4 p.m. that the United States "has accepted Iran's demands" and that the United States was "ready to sign a final agreement." AFP said both Iran and the United States would sign an Algerian communique spelling out the details of the agreement and that after the signing (by Christopher and the Iranian ambassador) the Algerians would announce that the agreement was complete.

At 6 p.m., Algerian radio reported that "final adjustments" were being made in the agreement and that negotiations were continuing.

The White House announced that the agreement was ready for signature at 11 p.m. According to White House and State Department spokesmen, the delay was caused by translating problems.

When Iranian news sources broadcast the reports of the agreement to the Iranian public between 3:30 and 4 p.m., they said the United States "admitted its defeat" and "agreed to Iran's proposals." Tehran radio cited Nabavi as saying the hostages would be released in the "next few days." Nabavi said, according to Tehran radio, that Iran's "uncompromising position" and the "pressure of world opinion" forced the United States to accept Iran's demands.

Soviet news sources reduced their emphasis of yesterday on an American plan to invade Iran under cover of the negotiations. Pravda pointed out America's "dangerous plotting" against Iran and Moscow radio broadcast a commentary on U.S. threats against Persian Gulf states and plans to invade Iran, but the tone was subdued compared to yesterday's reporting of an impending invasion. One Moscow radio report acknowledged that Secretary of State Muskie had complained about yesterday's Soviet reporting of the so-called invasion.

Reuters reported that Ayatollah Allamah Yahya Nuri said Iran was "subtly moving into the Soviet bloc." Nuri said "visible and invisible hands are directing Iran toward the eastern superpowers."

Iraqi Foreign Minister Sadun Hammadi said Iraq was willing to settle its differences with Iran through the Islamic Conference mediation effort. Pakistan's President Zia ul-Haq, chairman of the Islamic Conference, said "new proposals" were being discussed among the Islamic Conference members and would be the subject of further discussions at the summit to be held next week in Saudi Arabia. Iran's President Bani Sadr met again with U.N. envoy Olof Palme.

Iraqi Culture and Information Minister Latif Jasim said Iraq would help the Arabs of Arabistan province (Khuzistan province in Iran) to establish an independent state if they sought such assistance.

Iraq and Iran continued their war, exchanging artillery fire at Gilan-e Gharb and Ilam.

JANUARY 19, 1981 -- MONDAY

Although Iran had announced at 6:30 p.m. yesterday that an agreement

allowing for release of the hostages had been completed, and the White House announced at 11:30 p.m. on Jan. 18 that the agreement was ready for signatures, as Jan. 19 began, Algeria reported that the negotiations were continuing over the problems in translating the agreement into English, Parsi, and French. The sequence of events, as reported from various news sources, is as follows: (All times Washington, Eastern Standard Time; Tehran is 8-1/2 hours later and Algiers is 5 hours later.)

At 12:30 a.m., AFP reported through its Hong Kong office that two Air Algerie 727's enroute to Tehran landed at Esenboa civil airport near Ankara, Turkey, to refuel. The Algerian government confirmed the report at 1 a.m.

Algerian radio said at 1 a.m. that the United States had accepted the agreement and was prepared to sign.

According to an AFP report from Tehran at 1:40 a.m., Nabavi said he would hold a press conference soon to explain details of the agreement.

At 2 a.m., Algiers radio stated that the texts of the agreement would be made public soon, and that the Bank of England was ready to transfer funds to an account in the name of the Algerian Central Bank. (The U.S. Government had transferred assets under its control to the Bank of England, but the Bank of England must wait for a final U.S. Government approval to transfer the funds to an Algerian escrow account.) Algiers radio also reported that an Algerian plane left Tehran for Algeria carrying copies of the agreements bearing Nabavi's signature.

AFP reported from Ankara at 3 a.m. that the first of two Air Algerie planes left for Tehran and the second would leave momentarily. The planes were due in Tehran at 4:45 a.m. (1:15 p.m. Tehran time), according to AFP.

In a 3 a.m. broadcast, Pars said Iran's "final proposals" had been forwarded to Algiers late Saturday, Jan. 17, and that the U.S. replies to the "final proposals" had been received in Tehran from Algeria at 5 p.m. Tehran time, yesterday, Jan. 18. (This Pars report coincided with Nabavi's announcement yesterday that an agreement had been reached.)

At 3 a.m., the Algerian Foreign Ministry admitted journalists to witness the signing of the agreements which was expected to take place shortly.

At 3:15 a.m., Pars reported from Tehran that Executive Affairs Minister Nabavi had just received a response from the United States for which Iran had been waiting since Jan. 17. Nabavi said, according to Pars, that there was nothing to prevent a solution of the hostage problem. (It was not clear what the U.S. "response" may have said, if indeed such a response was received in Tehran at this time. Perhaps it cleared up "trivial" points mentioned in Nabavi's statement on Sunday, Jan. 18.) AFP reported from Tehran that Iran was about to issue an "official response" to the American message.

Algiers radio reported at 4 a.m. that Deputy Secretary of State Warren Christopher had completed signing the agreements (actual signing took place at 3:30 a.m., according to Algiers radio.) A report from Washington said President Carter and Secretary of State Muskie sent a message to Christopher via the Algerian embassy in Washington granting approval to sign on behalf of the United States; the approval arrived at 3:55 a.m., five minutes before the actual signing time at 4 a.m., according to the Washington report.

At 5 a.m., President Carter announced that the agreement had been signed.

The President said that the agreement called for the United States to release a "major part" of the Iranian assets after the hostages were released.

APP reported at 5 a.m. that the six Algerian doctors had left the Algerian embassy in Tehran for an "undisclosed destination." One half hour later, Tehran radio said the Algerian doctors had begun examining the hostages. Other reports from Iranian government sources said the Algerian doctors were to ensure that the hostages were being turned over to the United States in a healthy condition and that the Algerian doctors' reports would be retained to refute any future claims by the United States that the hostages had been mistreated while in Iranian custody.

The Algerian government announced at 5:20 a.m. that the two agreements and nine "decrees" had been signed by both sides and that the agreement was now completed.

APP reported at 5:30 a.m. that the two Air Algerie planes had arrived in Tehran.

Tehran radio broadcast an interview with Nabavi at 5:40 a.m. in which Iran's chief negotiator denied that Iran had signed the agreement. Nabavi said that Iran was waiting for Algeria to announce that the agreement had been completed before Iran would announce that it accepted the agreement. Nabavi said the hostages would be released after Algeria verified that the Iranian assets had been deposited in the "third country." (President Carter said the funds would be released after the hostages were released; Nabavi said the hostages would be released after the funds were released. Iranian officials did not say publicly that the Bank of England was involved in the transfer.) Nabavi said Iran would sign an agreement with Algeria but would not sign an agreement with the United States.

At 7:15 a.m., Monte Carlo radio broadcast a report in Arabic that the hostages had been released and were waiting at the Tehran airport to board the two Algerian aircraft.

In Tehran, Nabavi told APP at 7:30 a.m. that he was not sure when the hostages would be released.

Monte Carlo repeated its 7:15 a.m. report at 8 a.m., adding that the hostages had been released at 7 a.m., citing as its source a "Washington correspondent."

Reuters reported from Tehran at 8:40 a.m. that the two Algerian planes carrying the 52 hostages would leave Tehran airport at 9 a.m. A Tel Aviv radio correspondent stated at 8:50 a.m. that a Tehran airport flight controller told him by phone that the departure was scheduled for 9 a.m., but would be delayed.

In Tehran, Nabavi told APP at 9:30 a.m. that Iran was waiting for Algeria to confirm that the assets had been transferred before releasing the hostages. In another interview, Nabavi told Reuters at 9:40 a.m. that the Algerian doctors were still examining the hostages. Nabavi told Reuters that if the hostages were not released during the Carter Presidency (which ends in 26 hours), the hostages will be placed on trial as spies because Iran has "no interest in continuing negotiations with somebody who calls the Iranians "barbarians." (President-elect Reagan had referred to the Iranians as "barbarians.")

JPI reported from London at 9:43 a.m. that the Algerian embassy in Tehran stated that the doctors reported the hostages in "good health."

(About 10 a.m., news sources in London, New York, and Washington disclosed that a problem had developed in transferring the funds from the American account at the Bank of England to the Algerian account. Bank of England officials told reporters that a certification from the Iranian Central Bank to the Bank of England granting approval of the escrow arrangement was missing. One report from London said the certification document was present but unsigned. Journalists in London reported that the Bank of England had contacted the Algerians, requesting them to contact the Iranians asking that Iran certify that an Iranian representative present in London could sign the necessary document.)

Tehran television broadcast a videotape of the Algerian doctors examining the hostages beginning at about 10:30 a.m.

At 11:15 a.m., AFP reported that the two Algerian planes carrying the hostages were due to land at Ankara, Turkey, airport in four minutes to refuel. A separate report by AFP at the same time said the two Algerian planes carrying the hostages had entered Turkish air space and would be landing at Ankara in the near future.

Reuters reported at 11:30 a.m. that the hostages had arrived at the Tehran airport.

At 11:40, AFP retracted the report that the planes were about to land at Ankara.

Tehran radio broadcast an interview with Nabavi at 11:50 a.m. in which the Executive Affairs Minister said the hostages would not be released until Algeria confirmed that the assets had been deposited in the London escrow account. Nabavi said Iran would repay all loans owed to the United States out of the assets because Iran wanted no more financial dealings with the United States. The United States will have five months in which to resolve the court cases tying up \$2.2 billion in Iranian assets now frozen in American banks, according to Nabavi. He said Iran had a guarantee from the United States to deliver all "goods and property" purchased by Iran but held in the U.S. (which could include an estimated \$300 million or more in military equipment and spare parts.) Nabavi said the United States has 30 days to collect information on the amount and location of the Shah's assets in the United States and forward that information to Iran.

At noon, State Department spokesman John Trattner told a press briefing that the hostages were not at the Tehran airport, as other news sources had reported, and that because of the difficulty at the Bank of England, the hostages may not leave Tehran until Tuesday, Jan. 20. (Reports circulating in Tehran stated that the hostages could not leave today because the Tehran airport is blacked out due to the war with Iraq. Night fell in Tehran about 10 a.m. EST.)

Also at noon, Tehran radio began a commentary concerning news reports that President Carter planned to go to Wiesbaden, West Germany, to greet the hostages upon their arrival at an American military hospital, where they will remain for a few days to "decompress" after their ordeal. The Tehran radio said the Carter trip to Germany was a propaganda ploy that was "doomed to fail" because Carter had to be "in front of the White House" at "10 a.m." EST to "hand over his shameful office to his successor." At the time of the

Tehran radio commentary, enough time remained for President Carter and the hostages to meet in Germany and still permit the President to return to Washington for the inauguration of Ronald Reagan. It was calculated that President Carter needed 14 or 15 hours for the Washington-Germany-Washington round trip, and that the hostages would take 7 or 8 hours for a Tehran-to-Germany trip or 14 hours for a Tehran-Algiers-Germany trip. The inauguration was 24 hours away. The Tehran radio commentary appeared to signal that the hostages would not be released by Iran until it was too late for President Carter to make the trip to Germany while still President.

Jerusalem radio reported at 2:15 p.m. that their correspondent had intercepted reports from Tehran that all journalists had been ordered to leave the Tehran airport, that the hostages were in the airport, and that the hostages would leave aboard the Algerian aircraft in two hours for a refueling stop in Ankara enroute to Algiers.

The White House announced at 3 p.m. that President Carter would not go to Germany to welcome the hostages because not enough time remained for the round trip before the inauguration. UPI reported that President-elect Reagan offered to name President Carter as Reagan's representative to welcome the hostages if their release should take place after the inauguration.

Nabavi told AFP at 3:45 p.m. that Iran was waiting for confirmation that the funds had been transferred to the Algerian account.

At 4 p.m., Reuters reported from Tehran that an unidentified plane "possibly" carrying the hostages had left Tehran airport at 3:30 p.m.

Reuters reported from Tehran at 4:50 p.m. that the Algerians gave the Iranian government a "surprise appendix" to the agreement which the Iranians were calling an "underhanded maneuver to delay the final solution to the hostage problem."

At 5 p.m., the BBC said that Nabavi accused U.S. banks of "submitting" a new appendix to the agreement at the last minute. Nabavi said the new appendix, if accepted by Iran, would force Iran to drop any claims on their assets above the \$8 billion named in the agreements. The BBC reported that Nabavi and the Iranians would not accept the new appendix.

A few minutes after 5 p.m., Reuters reported from Tehran that Nabavi told the Pars news agency that the 11-page appendix delivered by the Algerians was drawn up by the U.S. bankers to "force Iran to drop its claims to certain assets" still in the United States. Nabavi said the appendix "could throw the hostage problem back to the negotiating stage."

A report from New York at 6 p.m. said American bankers in contact with the Bank of England were waiting for the Bank of England to receive the Iranian certification to transfer the escrow account. The absence of the Iranian certification, first reported at 10 a.m., had not been resolved because, according to one story, the Iranian official in London either did not have the authority to sign the agreement or had the authority but would not sign for some unexplained reason. Another story said a signed document was enroute from Tehran to London.

At 6:30 p.m., Secretary of State Muskie said the hostage release was delayed because the Iranians claimed a "new amendment" had been added to an appendix of the agreement and the Iranians were dissatisfied with the amendment. Unconfirmed reports in Washington said the appendix was not new

but had been drawn up in London by the American, Algerian, British, and Iranian bankers and had not been seen before by the government in Tehran. One of the American banks involved in the complicated financial transactions denied that the amendment or appendix had been introduced recently by the American banks as charged by the Iranian government, but had been accepted previously by the Iranians in London.

Radio Algiers reported at 7 p.m. that the six Algerian doctors had finished their examinations of the 52 American hostages. (The examinations began about 5 a.m. EST, 1:30 p.m. in Tehran. UPI reported at 9:43 a.m. that the doctors said the hostages were in "good health." Nabavi told Reuters the examinations were still in progress at 9:40 a.m. Iranian television showed the examinations at 10:30 a.m. Various reports said the examinations took four, six, or twelve hours to complete.)

Algiers radio also reported at 7 p.m. that the delay in releasing the hostages was caused by the Iranian certification missing from the Bank of England.

At 11:30 p.m., Tehran radio began an interview with Behzad Nabavi in which Nabavi said he had received a note from the Algerians at 7 p.m. Tehran time (10:30 a.m. EST) which included the new amendment. Nabavi said the amendment that was "put forward by the American banking system" was a duplicate of an earlier amendment that Iran rejected. The Iranian negotiators were to meet with the Algerian negotiators in 30 minutes to seek an explanation of the new appendix. (The American banking community and some U.S. Government officials maintained that the appendix was not new, had been drawn up by the bankers in London, as part of the original agreement package, but that the Iranian government negotiators in Tehran either had not seen it before or had not paid close attention to it. The Algerians, according to the Washington and New York sources, were trying to convince Nabavi, Azizi, and others in Tehran that the appendix was not detrimental to Iran.)

In other events related to the hostage issue, the Soviet Union's news agencies reported the signing of the agreement without repeating their previous warnings that the negotiations were a "cover up" for U.S. invasion plans. Saudi Foreign Minister Saud al-Faysal "welcomed" the agreement, as did Egypt's President al-Sadat. The Italian Foreign Ministry said it "hoped to reopen normal relations" with Iran soon. Japan announced steps to lift the economic sanctions against Iran. The British Consul in Tehran said the American-Iranian hostage release agreement would not affect the status of the four Britons under arrest for spying. Behzad Nabavi and Ahmad Azizi, the two leading negotiators for Iran, hosted a Tehran radio talk show beginning at 3 p.m. Tehran time (6:30 a.m. EST) to answer listener questions about the negotiations. They repeated their previous statements that the United States surrendered to Iran on the hostage issue, that Iran refused to negotiate with Ronald Reagan, and that the United States placed no value on the lives of the hostages, but was using the hostage issue to conceal "plots" against Iran. The Tehran newspaper Islamic Revolution headline for Jan. 19 was "U.S. Surrenders to Iranian Demands."

In the Iran-Iraq war, the Iranian supreme defense council asked Olof Palme, the U.N. envoy, for "clarifications" of his proposals for a cease-fire. Iran and Iraq exchanged artillery fire at Dezful and Ahwaz, and reported battles along the Abadan-Bandar Mah Shah road, Dehloran, Sar-e Pol-e Zahab, and Mehran.

JANUARY 20, 1981 -- TUESDAY

The sequence of events, as reported from various news sources, is as follows: (All times Washington, Eastern Standard Time; Tehran is 8-1/2 hours later, Algiers is 5 hours later, Wiesbaden is 6 hours later.)

At 3 a.m., Pars news agency broadcast a summary of the Nabavi press conference of yesterday, but added that Iran had decided to end the hostage problem before President Carter left office rather than open negotiations with Reagan because Reagan had called Iranians "barbarians." If the hostage issue had not been resolved during the Carter term in office, said Pars, the hostages would have been tried as "spies."

AFP reported from Tehran at 4:30 a.m. that the hostages had been transferred from the Tehran airport to a "place of detention" somewhere in Tehran.

At 5 a.m., Reuters said from Tehran that Nabavi stated that the funds still had not been transferred to the correct accounts. Nabavi, according to Reuters, was still blaming the American banks for the delay.

Tehran radio said at 6 a.m. that the delay in transferring the funds was caused by a dispute between the Republican and Democratic political parties in the United States, each of which wanted the hostages released during the Presidency of a member of their party.

A few minutes after 6 a.m., Tehran radio said the six Algerian doctors had presented their report to the Iranian officials, which stated that the hostages were in satisfactory health.

Tehran radio broadcast a report at 6:15 a.m. that summarized the Iranian position on the disputed amendment to the agreements, restating the contention that the amendment had been added by U.S. banks in an attempt to force Iran to surrender any claims to assets after the \$8 billion was in escrow. (This was the last mention of the "surprise appendix." According to other reports, the Algerian diplomats in Tehran convinced the Iranian negotiators that the appendix was not new and was not detrimental to Iran.)

At 6:20 a.m., Pars began a transmission headlined "A Government Communiqué on the Hostages." The Pars report said the communiqué was "in connection with the release of the 52 hostages," but at that point the transmission was interrupted and never completed.

AFP reported from Tehran at 6:25 a.m. that Nabavi said Iran would take "necessary measures" if the funds were not transferred by 3 p.m. It was not clear if the 3 p.m. deadline offered by Nabavi was Tehran time, Algiers and London time, or Washington time.

A Tehran news summary broadcast at 6:35 a.m. quoted one Tehran newspaper headline as reading "Iran Gives U.S. 72 Hours: Trial Possibility Increases."

Algeria announced at 7 a.m. that all the funds had been transferred to the correct accounts.

Reuters reported a few minutes after 7 a.m. that a Tehran airport official said that two Algerian planes with the hostages would leave at 8:30 a.m. EST,

5 p.m. Tehran time.

Reuters reported at 8:10 a.m. that the two Algerian planes had filed a flight plan with the Tehran airport, but that no other details were available.

At 8:15 a.m., Reuters said the six Algerian doctors had checked out of their hotel and left for the airport.

According to a London Press Association report at 9:30 a.m., the Bank of England confirmed that all the funds had been transferred, which verified the Algerian announcement of 2-1/2 hours earlier.

APP quoted Ahmad Azizi, the assistant to Prime Minister Rajai, as saying the hostages would be released "tonight." At the time of the APP report, 10 a.m. EST, it was 6:30 p.m. in Tehran, about dusk.

Reuters reported at 10 a.m. that a bus with its windows covered arrived at Tehran airport and drove to the area where the Air Algerie planes were parked. A stairway was moved up to one of the planes, said Reuters.

Azizi told APP in a 10:30 a.m. report that Nabavi, Algerian ambassador to Iran Ghraib, and Swiss ambassador to Iran Lang arrived at Tehran airport, and that the hostages would be leaving with the Algerian diplomats.

At 10:30 a.m., Reuters said some of the hostages had boarded one of the Algerian 727s.

Reuters said at 10:50 that Eric Lang, the Swiss ambassador, and Abd al-Karim Ghraib, the Algerian ambassador, arrived at Tehran airport with Behzad Nabavi, the Executive Affairs Minister. Radio Algeria reported the arrival of the three at about the same time.

Pars said at 11 a.m. that the hostages would be released in 1/2 hour, at 11:30 EST or 8 p.m. Tehran time.

A few minutes before noon, Ronald Reagan took the oath of office as the 40th President of the United States.

Two minutes after noon, radio Algeria reported from Tehran that the planes would take off from Tehran airport in the "next few seconds."

At 12:10 p.m., Reuters reported that the first of the Air Algerie planes taxied from the terminal apron to the runway. The Reuters report said Iran "appeared to be trying to time the takeoff to coincide with the inauguration of Ronald Reagan."

APP reported at 12:36 p.m. that the first of the Algerian aircraft had taken off.

Tehran radio announced at 12:39 that the plane carrying the hostages was about to take off.

Algeria announced at 1 p.m. that the Air Algerie planes were in the air. There were three planes; two 727 Air Algerie airliners and one smaller executive jet that had carried the Algerian doctors to Tehran. One report said all the hostages were on one plane, while another report said there were hostages on both the 727s. APP said the plane carrying the 52 American

hostages left Tehran airport at 12:24 p.m., radio Algiers said the hostage plane left the ground at 12:28 p.m., Tehran radio said the plane took off at 12:19 p.m., and a New York Times correspondent said the plane lifted off the runway at 12:25 p.m.

Ankara, Turkey, radio announced at 2 p.m. that the first of the Air Algerie planes entered Turkish air space at 1:45 p.m. EST (1845 GMT, 10:15 p.m. Tehran time). At 1:58 p.m. EST, the plane carrying the hostages left Iranian air space, according to Tehran radio. A few minutes later, President Reagan announced to a luncheon gathering at the Capitol that the hostages had cleared Iranian air space and were free. They had been captive 444 days.

Pars reported at 2:40 p.m. that the hostages had been "escorted" to the airport and onboard the plane by Revolutionary Guards and "students" chanting anti-American slogans.

Tehran radio said at 3:40 that the Algerian planes had been "escorted" out of Iranian air space by Iranian air force Phantoms.

Reuters reported at 4:30 p.m. that the Algerian planes had landed at Ellinikon air base near Athens, Greece, to refuel. One report said the hostages remained onboard the planes, while another report said the hostages got off the planes and were met by U.S. Ambassador to Greece Robert McCloskey and American doctors from the Wiesbaden air base.

Radio Algiers reported at 4:40 p.m. that the Algiers airport was preparing for the arrival of the Air Algerie planes.

At 5 p.m., according to a Reuters report, the Algerian airliners left Athens for Algiers.

Reuters reported at 8 p.m. that the planes had landed at Algiers airport. At Algiers, Algerian Foreign Minister Muhammad Ben Yahia formally surrendered custody of the 52 Americans to Deputy Secretary of State Warren Christopher. About one hour after arrival at Algiers, the hostages left for Wiesbaden, West Germany, aboard two U.S. Air Force "Wrightington" medical evacuation aircraft. They arrived in Wiesbaden at dawn, 6:43 local time, 12:43 a.m. EST.

As expected, Cynthia Dwyer, the freelance journalist from the Buffalo, New York, area, was not among the freed hostages. Ms. Dwyer was arrested on May 5, 1980, for "spying" although she has not been charged or tried. It is believed that she is held in Evin prison near Tehran and that the Swiss embassy, which represents U.S. interests in Iran, is pursuing her case. According to reports, the Swiss have seen Ms. Dwyer two or three times, most recently in Dec. 1980.

Another American under arrest in Iran is Muhi Sobhani, a naturalized U.S. citizen and native of Iran, who was arrested on Sept. 6, 1980. Little is known about Sobhani, where he is being held, or on what charges. A third American citizen, Zia Massery, a native of Afghanistan, was arrested in March 1980 and is being held in Iran. Little is known about Sobhani, where he is being held, or on what charges.

Tehran radio broadcast another "phone-in" talk show with Nabavi and Deputy Finance Minister Muhsen Nurbakhsh to discuss the agreement and the release of the hostages. One question posed to Nabavi was: why was the American charged with sexually assaulting an Iranian woman allowed to leave Iran? Nabavi

answered that he did not know of the charge, and that if he had known, he would have investigated the matter and the hostage involved would have been tried on criminal charges and not allowed to leave Tehran with the other hostages.

The British Foreign Office announced that two additional diplomats would be sent to Tehran to join the two British representatives now working out of the Swedish embassy. The Foreign Office said "normal relations" with Iran would not be established, and that Britain would continue its efforts to free the four British citizens under arrest on spy charges.

The Portuguese Foreign Minister said full diplomatic relations with Iran would be restored as soon as the hostage release was confirmed.

On the battleground, Iraqi and Iranian forced exchanged artillery fire at Ahwaz, Susangerd, and Sar-e Pol-e Zahab. Kurds fought a battle with Iranian army elements near Piranshah, in West Azarbaijan province.

PLO Central Council member Hani al-Hasan visited Iranian President Bani Sadr in Khuzistan province and toured the war zone.

JANUARY 21, 1981 -- WEDNESDAY

Former President Jimmy Carter spent 1 hour and 20 minutes with the hostages in the U.S. Air Force hospital in Wiesbaden, West Germany. The hostages arrived in Wiesbaden at dawn aboard two U.S. Air Force planes from Algiers after their release from Iran yesterday. After telephoning family and friends and sleeping for a few hours, the hostages began a series of medical examinations and debriefings by State Department personnel that are expected to last for a few days.

The White House announced that the agreements, appendices, and U.S. Presidential Executive Orders implementing the agreements were under review. Aides to President Reagan said the review was a "prudent" step, considering the nature of the agreements and the transition from the Carter to the Reagan Administrations. One rumor current in Washington suggested that Reagan might be considering abrogating the agreements in view of the harsh treatment given the hostages during their 444-day captivity. But a White House spokesman said the United States was bound by international law and custom, and that an abrogation of the agreements was unlikely.

In Iran, Prime Minister Rajai said seizing and holding the hostages was the "greatest political gain in the social history of the world." Rajai said Iran had "forced the greatest satanical power to its knees."

Majlis Speaker Rafsanjani told the Majlis that the "spy episode" had ended according to the conditions set by the Majlis. Rafsanjani thanked the "students," the Iranian people, the Majlis, and the Government of Algeria for the successful outcome of the hostage problem.

Ayatollah Beheshti told a press conference that the seizure of the U.S. embassy and the "spies" had freed Iran from its dependence on the United States. Beheshti, head of the supreme court and the leader of the Islamic Republic Party, praised the Islamic "students" for seizing the U.S. embassy and hostages.

Pars broadcast an Iranian government statement that Iran had retrieved "a large portion" of its assets from the United States in the form of gold, cash, and "promissory notes" from the Algerian government. (President Carter told the hostages in Wiesbaden that the United States returned only \$3 billion of the \$12 billion in assets.) The Iranian government statement said Iran had ended all financial and banking transactions with the United States, and will repay any debts or claims after the arbitration panel meets. The statement said the President of the United States "should" issue an order identifying the Shah's wealth and "should" issue an order to freeze the Shah's assets.

A Tehran radio commentary said the hostage crisis had been a victory for Iran. The commentary praised the Muslim "students" who seized the embassy, the Iranian people, Khomeini, the government, and Algeria. The "whole world's press" was calling the hostage affair an American defeat, said the commentator, and was praising Iran for "forcing America to accept the agreement," for refusing to negotiate with the United States, and for "revealing American untrustworthiness."

A Pars report criticized the "so-called free world" for condemning the embassy seizure. Pars said the June 1980 meeting of liberation movements in Tehran was a "turning point in the history of the revolutions of the world." Pars then listed American "plots" against Iran, including among others the Kurdish rebellion against the Iranian government, the July 1980 coup attempt, the Iraqi war against Iran, the April 1980 seizure of the Iranian embassy in London, the April 1980 American rescue attempt, and the "torture" of Iranian students in the United States and Great Britain, and said the United States will continue to act against Iran. Pars said the Reagan Administration was going to occupy the three Persian Gulf islands and mine Iranian oil terminals in the Gulf.

President Bani Sadr issued a statement denying that he or his office had been informed of the negotiations with the Algerians and the United States and stating that he had not been involved in the decisions to release the hostages.

The Prime Minister's office released a statement retracting its statement of last week in which it said Bani Sadr had been kept informed of the hostage negotiations. Rajai's office said Bani Sadr did not know of the details of the negotiations.

Moscow radio said the United States "virtually provoked" the Iranians into seizing the embassy in Tehran by its "grave wrongs" against the Iranian people. Moscow radio then added that there was "no justification for seizing the embassy and its staff."

Another Moscow radio report said the United States used force in the April 1980 rescue attempt, applied economic sanctions, and threatened an invasion of Iran in order to stop "liberation movements" in the Persian Gulf and Iran, not to secure the release of the hostages.

Tass reported that President Carter used the hostage issue to screen his real intentions to seize the oil fields of the Persian Gulf.

A broadcast from the People's Republic of China castigated the Soviet Union for "gloating" over the American predicament in Iran, and added that China was glad the hostages were free.

Australia, Great Britain, and France lifted their economic sanctions against Iran, and, along with Japan and Israel, the Pope, the Archbishop of Canterbury, U.N. Secretary-General Waldheim, the European Community, and many other nations and institutions, applauded the release of the hostages. West Germany's Chancellor Helmut Schmidt personally congratulated President Carter at the Wiesbaden airport.

Iranian diplomat Ali Shams Ardakani said Iran would welcome efforts by the PLO and Algeria to arbitrate between Iran and Iraq to stop the war and settle the dispute. Ardakani said some of the Iraqi claims to Iranian territory were justified, although the Iraqi claims to sovereignty over the Shatt al-Arab were not. Iraq will have to pay Iran for war damages, Ardakani said. (This was the first admission by an Iranian since the war began that Iraq may have some valid claims against Iran. Before the war began in late Sept. 1980, Bani Sadr said Iraq had some valid complaints against Iran. Ardakani's statement was also the first appeal for a cease-fire arbitration by an Iranian.)

Iraqi President Saddam Husayn said a cease-fire would be possible as soon as Iran recognized Iraqi rights in the Shatt al-Arab.

Iranian General Fallahi said Iranian forces were operating inside Iraqi territory near the city of Rawandiz. (Rawandiz is in the north, near the conjunction of the Iran-Iraq-Turkey borders. Fighting has not been reported in the area before.) Iran claimed to have retaken the area around Ilam, but denied rumors that Iranian forces had liberated Qasr-e Shirin. Both sides exchanged artillery fire at Abadan.

JANUARY 22, 1981 -- THURSDAY

Iranian Executive Affairs Minister and chief negotiator for the hostage release Behzad Nabavi said the American allegations of harsh treatment, abuse, and torture for the hostages during their confinement were false. Nabavi said the hostages were being "brainwashed" at Wiesbaden to tell of mistreatment and not reveal that they were treated well. Nabavi said Iran interviewed all the hostages prior to their release and will show the videotapes of those interviews to contradict the American charges of abuse. No hostage "complained about the living conditions" while in captivity, Nabavi said, and all the hostages "admitted to good treatment by the students." Americans have a "predilection for comfort" and may have found the detention "distasteful," said Nabavi.

Prime Minister Rajai commended Nabavi and Deputy Finance Minister Muhsen Murbakhsh for their efforts during the negotiations. Rajai praised the Islamic students again.

Rafsanjani repeated his statement of yesterday that the hostage problem had been resolved in accordance with the Majlis' wishes. The Majlis' speaker again thanked the "students" and Ayatollah Khoini for seizing the embassy. (Khoini was the religious leader closest to the "students" and said on July 18, 1980, that he helped plan the embassy seizure.)

Tass said "CIA psychologists" were "brainwashing" the hostages at Wiesbaden to "erase" any "good feelings or sympathy" toward the Iranians and

were programming the hostages to tell "torture" stories. Tass also said that "influential financial circles" in the United States were pressuring the U.S. Government to abrogate the agreement.

The Iranian Foreign Ministry denied that correspondents from France, China, the United Kingdom, the Soviet Union, and the United States were being expelled from Iran. The Ministry of Guidance said yesterday the journalists were being expelled on Feb. 11 because of their "attitudes."

The Foreign Ministry sent a response to the Soviet Union's complaint about the attack on the Soviet embassy on Dec. 27, 1980, rejecting the Soviet claim that Iran did not furnish adequate protection and did not respond to Soviet appeals for help. The Iranian note said that Iran would provide security for foreign missions in Tehran and that all nations could resume their activities in Iran in safety.

Iraqi First Deputy Prime Minister Taha Yasin Ramadan said Iraq was prepared to accept a cease-fire and enter negotiations with Iran to resolve their border dispute. Ramadan's statement was made during a visit to Japan.

Iraqi planes attacked Hamadan. Both sides exchanged artillery fire at Sar-e Pol-e Zahab, Gilan-e Gharb, Abadan, and Susar.

JANUARY 23, 1981 -- FRIDAY

The Islamic students issued a statement saying they did not belong to any political groups and that their seizure of the embassy was not dictated by political organizations. According to the student statement, documents seized at the embassy proved that the CIA was working to create a "moderate" government in Iran that would be dependent upon the United States.

In his Friday sermon, Ayatollah Khamenei said the hostage affair had been a victory for Iran.

Moscow radio said a "wave of anti-Iranian hysteria was sweeping the United States," and that the American people were calling for the bombing of Iran and the abrogation of the agreement. A 6,000-man U.S. Marine Corps invasion force was preparing to attack Iran, said Moscow.

Tass reported that the American "armada" would remain in position off the coasts of Iran because the real reason for its being there was to seize the Persian Gulf oil fields, not to rescue the hostages as the United States said.

The Hungarian state-owned news agency said the United States secured the release of the hostages through "financial-economic blackmail."

Jeune Afrique, the Paris-based weekly on African affairs, reported that Ayatollah Khomeini had been in a Paris hospital since Jan. 20.

The Islamic Conference, meeting in Saudi Arabia, sent a delegation to Iran to discuss a cease-fire in the Iran-Iraq war. Prime Minister Rajai met with Islamic Conference Secretary General Habib Shatti, Turkish Foreign Minister Ilter Turkmen, Guinea's Foreign Minister Abdoulaye Toure, Pakistani Foreign Minister Agha Shahi, and PLO political chairman Faruq Qaddumi. Iraq claimed

advances at Dezful, Susangerd, and Abadan and both sides exchanged artillery fire in the Susangerd area.

JANUARY 24, 1981 -- SATURDAY

U.S. Government officials announced that the hostages would leave Wiesbaden for the United States tomorrow. The hostages will be reunited with their families at the U.S. Military Academy at West Point before proceeding to Washington on Tuesday, Jan. 27, to be welcomed by President Reagan at the White House. At the U.S. military hospital near Wiesbaden, the hostages continued their medical examinations, bought new clothes, read news magazines and watched news films to catch up on current events, spoke with family members by telephone, spoke to the press, rested and ate favorite meals. A common theme repeated by several of the hostages interviewed by the press was that none of the Americans had "cracked" under pressure while in Iran, that the hostages had been successful in their confrontation with the "students."

At the Department of State, the Iran Working Group, which was formed on Nov. 4, 1979, ended its operation. The Family Liaison Action Group, which coordinated information exchanges among the families of the hostages, will continue to operate.

Tehran radio broadcast a summary of a speech by Ayatollah Khomeini to the Islamic ambassadors in Iran on the occasion of the Prophet Muhammad's birthday in which he said Iran had "cut off the hands of the superpowers," which may have been a reference to the hostage episode. Iranian sources have not quoted Khomeini directly on the resolution of the hostage issue.

For the third day running, National Voice of Iran (clandestine, Soviet) broadcasts have concentrated on the American naval forces in the Indian Ocean and the threat of an American invasion of Iran. NVOI states that the hostage release has deprived the United States of its excuse to invade.

Prime Minister Rajai, on a 2-day trip to Bandar Abbas and islands in the Persian Gulf, said on Abu Musa that the Iranian navy was keeping the Strait of Hormuz and the Persian Gulf open to international traffic. Abu Musa is one of the three islands seized by Iran in 1971 from the United Arab Emirates.

A march sponsored by exiled Iraqi Shiite religious leaders went to the Saudi embassy in Tehran to protest the presence of the Iraqi government at the Islamic Conference meeting now underway in Saudi Arabia.

The Islamic Conference delegation, which arrived yesterday in Tehran, returned to Saudi Arabia, apparently unable to convince the Iranian government to attend the conference and to open negotiations for a cease-fire in the Iraq-Iran war.

A Revolutionary Guards headquarters at Mahabad came under fire from the Kurds.

There were reports of scattered fighting at Abadan, Susangerd, and a naval battle at the mouth of the Shatt al-Arab.



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36

JANUARY 25, 1981 -- SUNDAY

A U.S. Air Force 707, named "Freedom One," carrying the 52 American hostages left Frankfurt, West Germany, at 5 a.m. EST for Stewart International Airport (formerly Stewart Air Force base) in Newburgh, New York. Freedom One touched down at Stewart at 2:55 p.m. EST. The hostages and their families left for West Point.

Earlier, President Reagan met with the families of the hostages at the White House, before the families flew to Stewart for reunions with the hostages.

In Tehran, Islamic Revolution, Bani Sadr's newspaper, editorialized that Iran had been "duped" by the United States, that not one of the four conditions set by the Majlis and Ayatollah Khomeini had been fulfilled. The newspaper blamed the government for the failure and accused the government negotiators who accepted the agreement of lying to the Iranian people. The United States is laughing at the Iranian newspaper headlines claiming "victory," the editorial added.

Pravda, the Soviet newspaper, said the "drama over the hostages" was created by President Carter as an excuse to place U.S. military forces in the Persian Gulf region. Pravda said the U.S. fleet will remain off Iranian shores, which Pravda called a "dangerous development." Tass, the Soviet news agency, reported that B-52 bombers had been added to the American rapid deployment force for use in the Persian Gulf.

Battles were reported in the Marivan-Sulaymaniyah area, and at Ahwaz, Ilam, and Abadan.

At the Congressional Research Service, the Iran Task Force brought to a close its congressional reporting function. Reports to the Congress on the situation in Iran had been updated almost daily since the seizure of the American embassy in Tehran.

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